

## Message Text

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13-12

ACTION EUR-12

INFO OCT-01 ISO-00 TRSE-00 EB-07 L-03 /023 W

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R 151314Z JAN 76

FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 5046

C O N F I D E N T I A L BUDAPEST 0137

E.O. 11652: GDS

TAGS: EFIN, HU

SUBJ: WORLD WAR I DEBT AND JOHNSON ACT

REF: STATE 008681, 75 BUDAPEST 4156 AND PREVIOUS

1. EMBASSY LOOKS FORWARD TO RECEIVING STATISTICAL TABLES PREPARED BY TREASURY DEPARTMENT ON HUNGARIAN WORLD WAR I DEBT TO USG. WE ARE PUZZLED, HOWEVER, BY REFERENCE IN STATE 008681 TO DUDICS-LAKOS-AKAR LINKAGE WHICH WOULD SEEM TO INDICATE THAT STATE/TREASURY OFFICIALS IN WASHINGTON ARE ALREADY "NEGOTIATING" WITH HUNGARIAN EMBASSY WASHINGTON IN RESPONSE TO FONOFF NOTE 617-13/1975 (BUDAPEST 4156).

2. GIVEN FACT THAT HUNGARIAN FONOFF AND HUNGARIAN FINANCE MINISTER FALUVEGI HAVE OPENLY STATED THAT USG "STALLING" ON SETTLEMENT WORLD WAR I FLOUR DEBT, IT MIGHT BE BEST FOR ALL PARTIES IF EMBASSY BUDAPEST WERE TO ADVISE FONOFF THAT VENUE FOR "NEGOTIATIONS" WILL BE WASHINGTON AND THAT IT CAN EXPECT REPLY TO FONOFF NOTE 617-13/1975 FROM DEPARTMENT THROUGH HUNGARIAN EMBASSY WASHINGTON.

3. CONDUCTING "NEGOTIATIONS" IN WASHINGTON ALSO MAKES MORE POLITICAL AND DIPLOMATIC SENSE. UNDER NORMAL CIRCUMSTANCES ONE WOULD HAVE EXPECTED AMBASSADOR ESZTERGALYOS AND HIS STAFF TO MAKE REPRESENTATIONS TO THE DEPARTMENT AND TO THE TREASURY DEPARTMENT TO CLEAR THE SURPLUS PROPERTY ACCOUNT AND TO ACCEPT FULL PAYMENT OF THE WORLD WAR I FLOUR DEBT. AFTER ALL, HUNGARY -- AND VERY SPECIFICALLY FINANCE MINISTER FALUVEGI -- IS DEMANDEUR IN THIS INSTANCE  
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(75 BUDAPEST 3483; 75 BUDAPEST 3398; 75 BUDAPEST 3501;

75 BUDAPEST 3445; 75 BUDAPEST 3063; 75 BUDAPEST 2917 - PARA 2;  
75 BUDAPEST 1621) IN CONSCIOUS AND ADMITTED EFFORT TO ESCAPE  
ONEROUS PROVISIONS OF JOHNSON ACT. USG FOR ITS PART HAS  
FOUND IT EXTREMELY DIFFICULT TO RESPOND TO THESE REPEATED  
REPRESENTATIONS BY HUNGARIANS OVER MANY MONTHS (75 STATE 160877).

4. ACTION REQUESTED:

A) PLEASE PROVIDE MEMCONS OF WASHINGTON TALKS TO SHED  
SOME LIGHT ON DUDICS-LAKOS-AKAR LINKAGE.

B) FROM LACK OF RESPONSE TO 75 BUDAPEST 4156, WE ARE LED  
TO BELIEVE THAT DEPARTMENT DOES NOT REPEAT NOT SUPPORT ACTION  
PROPOSED IN THAT MESSAGE. PLEASE CONFIRM.

C) IN LIGHT OF ALL THESE CONSIDERATIONS, EMBASSY BUDAPEST  
REQUESTS AUTHORITY TO ADVISE GOH BY NOTE: (1) THAT DEPARTMENT  
WILL DELIVER TO HUNGARIAN EMBASSY IN WASHINGTON OFFICIAL USG  
RESPONSE TO FONOFF NOTE 617-13/1975, AND (2) THAT USG  
HAS DECIDED THAT WASHINGTON SHOULD BE VENUE FOR  
"NEGOTIATIONS" LOOKING TO PAYMENT OF FLOUR DEBT; AND  
(3) THAT USG HOPES TO OPEN NEGOTIATIONS AND BRING THEM  
TO MUTUALLY SATISFACTORY CONCLUSION AT AN EARLY DATE.  
MCAULIFFE

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## Message Attributes

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